

**BEFORE THE ARKANSAS SECURITIES COMMISSIONER  
CASE NO C-10-116**

RECEIVED

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ARKANSAS SECURITIES DEPT.

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**IN THE MATTER OF:  
NATIONAL RELIEF GROUP, INC.**

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**RESPONDENT**

**REQUEST FOR CEASE AND DESIST ORDER**

The Staff of the Arkansas Securities Department (“Staff”) received information and has in its possession certain evidence that indicates the National Relief Group, Inc. (“National Relief”) has violated provisions of the Arkansas Fair Mortgage Lending Act (“FMLA”), Ark. Code Ann. §§ 23-39-501 through 23-39-518 and the Rules of the FMLA (“Rules”).

**Administrative Authority**

1. This matter is brought in connection with violations of sections of the Arkansas FMLA and is therefore properly before the Arkansas Securities Commissioner (“Commissioner”) in accordance with Ark. Code Ann. § 23-39-514(d).

**Respondent**

2. National Relief is a business entity that has its main office in Irvine, California. National Relief has never been licensed under the FMLA in Arkansas in any capacity

### **Facts Supporting Request for Cease and Desist Order**

3. In August 2009, Arkansas resident one ("AR1") contacted National Relief concerning a modification of the terms of AR1's residential mortgage loan. AR1's residence is located in Arkadelphia, Arkansas.

4. After AR1's initial contact with National Relief, AR1 received a packet of documents from National Relief. The packet of documents National Relief sent to AR1 included: a welcome packet containing instructions, (attached hereto as Exhibit 1); an instruction sheet, (attached hereto as Exhibit 2); a required documentation checklist, (attached hereto as Exhibit 3); an authorization form, (attached hereto as Exhibit 4); and an application, (attached hereto as Exhibit 5). The information required from AR1 to complete the forms provided by National Relief is all the standard personal financial information required from a borrower, like AR1, by a mortgage broker or lender during the mortgage loan application process. AR1 completed and faxed all of the paperwork to National Relief. Ultimately, National Relief was unable to successfully obtain a mortgage loan modification for AR1.

5. AR1 paid an advance fee of \$3,000.00 to National Relief by electronic draft in two payments of \$1,500.00. The first payment of \$1,500.00 was automatically drafted by National Relief on August 14, 2009; the second payment of \$1,500.00 was automatically drafted by National Relief on September 16, 2009. National Relief never successfully modified AR1's mortgage loan. In addition, National Relief never refunded or returned any part or portion of the \$3,000.00 advance fee to AR1.

6. National Relief conducted unsuccessful loan modification activities on behalf of AR1 and was compensated by AR1 without holding a license from the commissioner under the FMLA.

### **Applicable Law**

7. Rule 5003-3(c)(1) of the Rules states that a person offering or negotiating loan modification services is, at least at a minimum, indirectly acting as a loan officer. Therefore, any person who directly or indirectly solicits, accepts, or negotiates; or offers or attempts to solicit, accept, or negotiate loan modifications for a borrower; and receives compensation or gain is required to be licensed as a loan officer.

8. Ark. Code Ann. § 23-39-503(b) states that it is unlawful for any person other than an exempt person to act or attempt to act, directly or indirectly, as a mortgage broker, mortgage banker, loan officer, or mortgage servicer with any person located in Arkansas without first obtaining a license from the commissioner under the Arkansas FMLA.

9. Ark. Code Ann. § 23-39-513(4) states that it is unlawful for any person other than an exempt person to pay, receive, or collect, in whole or in part, any commission, fee, or other compensation for brokering a mortgage loan in violation of this subchapter, including a mortgage loan brokered or solicited by any unlicensed person other than an exempt person.

10. Ark. Code Ann. § 23-39-514(d) states that upon finding that any action of a person is in violation of the Arkansas FMLA, the Commissioner may summarily order the person to cease and desist from the prohibited action.

### **Conclusions of Law**

11. As detailed in paragraphs three through six, National Relief violated Ark. Code Ann. § 23-39-503(b) when it solicited and attempted to act as a mortgage broker and/or loan officer with AR1 without first being licensed under the Arkansas FMLA.

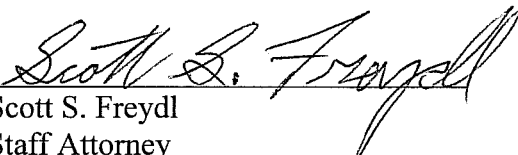
12. As detailed in paragraphs three through six, National Relief violated Ark. Code Ann. § 23-39-513(4) when it collected a commission or fee in the amount of \$3,000.00 from AR1 for attempting to renegotiate AR1's mortgage loan without first being licensed as a mortgage broker and/or loan officer under the FMLA.

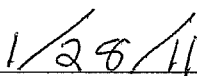
13. The conduct, acts, and practices of National Relief threatens immediate and irreparable public harm. A cease and desist order is in the public interest and is appropriate pursuant to Ark. Code Ann. § 23-39-514(d).

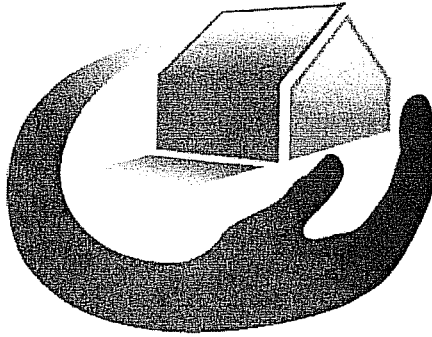
**Prayer for Relief**

**WHEREFORE**, the Staff respectfully requests that the Commissioner order National Relief to immediately CEASE AND DESIST from acting or attempting to act as a mortgage broker and/or loan officer in the State of Arkansas until it is properly licensed under the Arkansas FMLA; and, for all other relief to which the Staff may be entitled.

Respectfully submitted,

  
\_\_\_\_\_  
Scott S. Freydl  
Staff Attorney  
Arkansas Securities Department

  
\_\_\_\_\_  
Date



**NRG**  
NATIONAL RELIEF GROUP

Dear Valued Client:

I would like to welcome you to our loan modification program. You are taking a very big step in procuring a resolution that will save you thousands of dollars and quite possibly save your home. Rest assured that we will work diligently to negotiate the best possible solution. It is our sincere belief that finding a solution that is in your best interest is in our best interest.

It's important that you know that we can't do it alone. We will need to work hand in hand with you as we negotiate with the lender. The first step in this process is for you to complete the attached items and return them along with your supporting documentation at your earliest possible convenience. Once received, your file will be assigned to a Case Manager and we will submit your application to the lender.

In some cases, there might be additional paperwork requested. With these items returned promptly, you will help us be able to submit complete package to your lender which will drastically cut down the time it takes to secure your modification.

After submission, we will maintain weekly contact with you so that you are advised in our progress with the lender.

Once again, thank you for entrusting National Relief Group to handle your mortgage modification. We look forward to working with you.

Regards,

*National Relief Group*



We are glad you have taken the first step in resolving your current mortgage situation. Attached, you will find our enrollment form.

To get started, fill out the forms completely and return them to me as quickly as possible. If you have any questions, please do not hesitate to contact me. We look forward to working with you and assisting you in accomplishing your goals.

### **Step 1**

We will require the following documentation to begin your modification process:

**See attached Enrollment Checklist and Stacking Order on the next page.**

**Please complete in entirety and fax the applicable items to:  
(714) 617-7355**

### **Step 2**

**72 HOURS FILING:** Our Processing Department starts filing and preparing your loan modification package for submission and resolution with your current lender. Your lender is also notified that you are working with us in saving your home.

### **Step 3**

**Loan Modification Closing:** Your lender has offered a workout resolution for your loan.

Borrower(s) Name(s): \_\_\_\_\_

Lender(s) Name(s): \_\_\_\_\_

Loan Number(s): \_\_\_\_\_

Owner Occupied     Non-Owner Occupied

**Required Documentation for Borrower and Co-Borrower**

If you are a Wage Earner (you receive a W-2 from your employer) please use the following checklist:

- Mortgage Statement (one for each mortgage).
- Authorization form(s) (signed and dated).
- Personal financial statement (signed and dated).
- Two (2) months of Complete Bank Statements (ALL PAGES).
- Two (2) Most Recent Pay Stubs (covering last 30 days).
- W-2's (two (2) most recent years).
- Tax Returns (two (2) most recent years) (ALL PAGES).
- Hardship Letter (signed and dated).
- All legal notices you have received from your lender(s) (IF APPLICABLE).
- Pension, Social Security Income, Alimony, Child Support, etc. (IF APPLICABLE).

Notes:

If you are Self Employed (if you receive a 1099 or own your own business), please use the following checklist:

- Mortgage Statement (one for each mortgage).
- Authorization form(s) (signed and dated).
- Personal financial statement (signed and dated).
- P & L Statement (6 month).
- Six (6) months of most recent complete Business and Personal Bank Statements (ALL PAGES).
- Two (2) most recent years of Tax Returns or 1099s (ALL PAGES).
  - Completed 4506-T – Request for Transcript of Tax Return.
- Hardship Letter (signed and dated).
- All legal notices you have received from your lender(s) (IF APPLICABLE).
- Pension, Social Security Income, Alimony, Child Support (IF APPLICABLE).

Notes:

Primary Address: \_\_\_\_\_

Comments: \_\_\_\_\_

**Authorization Form**

**Mortgage Co.:** \_\_\_\_\_

**Loan #:** \_\_\_\_\_

I hereby authorize \_\_\_\_\_ to discuss my request for payment assistance with the individual(s) that I have identified below as my designated agent(s) (hereinafter the "Designated Agent"). Further, \_\_\_\_\_ is hereby authorized to workout the terms of a payment agreement with my Designated Agent and/or their assignees; to deliver documents to my Designated Agent, which concern my request for payment assistance.

I understand that I will be fully responsible for reviewing any information and all information that is sent by \_\_\_\_\_ to my designated agent. This authorization will remain effective until notification in writing has been received by me stating that this authorization is of no further force and effect.

Please notate this in your system:

My Designated Agents are:

\_\_\_\_\_  
It's successors and or assigns:  
\_\_\_\_\_  
\_\_\_\_\_

Borrowers Name (s): \_\_\_\_\_

Property Address: \_\_\_\_\_

City / State / Zip: \_\_\_\_\_

\_\_\_\_\_  
Borrower's Signature

\_\_\_\_\_  
Social Security #

\_\_\_\_\_  
Drivers License #

\_\_\_\_\_  
Date

\_\_\_\_\_  
Co-Borrower's Signature

\_\_\_\_\_  
Social Security #

\_\_\_\_\_  
Drivers License #

\_\_\_\_\_  
Date



**APPLICATION**

PART A - BORROWER(S) INFORMATION							
Borrower Name:		SSN:		Co-Borrower Name:		SSN:	
DOB:	Phone:			DOB:	Phone:		
Address:				Address:			
City:		State:	Zip:	City:		State:	Zip:
Marital Status:		Property Occupancy:		Marital Status:		Property Occupancy:	
Email:				Email:			
PART B - DEPENDENTS							
Name		Relationship		DOB		Day Care (Y/N)	
Name		Relationship		DOB		Day Care (Y/N)	
Name		Relationship		DOB		Day Care (Y/N)	
Name		Relationship		DOB		Day Care (Y/N)	
PART C - BORROWER(S) EMPLOYMENT INFORMATION							
Employer:		How Long:		Employer:		How Long:	
Address:				Address:			
City:		State:	Zip:	City:		State:	Zip:
Position/Title		Dates (from-to)		Position/Title		Dates (from-to)	
Employer Phone		Monthly Income		Employer Phone		Monthly Income	
PART D - RENTAL / LEASING INFORMATION (IF NOT OWNER OCCUPIED)							
Address:				City:		State:	Zip:
Address:				City:		State:	Zip:

I/We certify that the information given in this application is true, correct and complete in all material respects. The information and documentation provided does not omit any material fact or matter that makes the information or documentation presented misleading. I/ We also do understand that I/We may be required to provide additional documentation to support the information provided in this application.

Borrower \_\_\_\_\_ Date \_\_\_\_\_ Co-Borrower \_\_\_\_\_ Date \_\_\_\_\_

Loan Number(s): 1<sup>st</sup> TD \_\_\_\_\_

2<sup>nd</sup> TD \_\_\_\_\_

PART E - INCOME			
DESCRIPTION	BORROWER	CO-BORROWER	TOTAL
Gross Income			
Overtime			
Commissions/Bonuses			
Rental Income			
Fixed Income (SS/Pension/Annuities etc.)			
Other Income			
Less Federal			
Less State			
Less Other			
<b>Total Monthly Net Income</b>			

NOTE: Salaried Income is based on a 12 month average

PART F - ASSETS			
DESCRIPTION	AMOUNT/VALUE	AMOUNT OWED	NET VALUE
Checking Account			
Savings Account			
401K/IRA/CDs etc.			
Stocks/Bonds			
Cash			
Other			
Primary Residence (1st Lien)			
(2nd Lien)			
(3rd Lien)			
Automobile 1			
Automobile 2			
<b>Total</b>			

I/We certify that the information given in this application is true, correct and complete in all material respects. The information and documentation provided does not omit any material fact or matter that makes the information or documentation presented misleading. I/ We also do understand that I/We may be required to provide additional documentation to support the information provided in this application.

Borrower \_\_\_\_\_ Date \_\_\_\_\_

Co-Borrower \_\_\_\_\_ Date \_\_\_\_\_

Loan Number(s): 1<sup>st</sup> TD \_\_\_\_\_

2<sup>nd</sup> TD \_\_\_\_\_

**PART F - LIABILITIES**

DESCRIPTION	MONTHLY PAYMENT	TOTAL BALANCE	MONTHS REMAINING
Primary Residence Lien 1			
Primary Residence Lien 2			
Property Tax			
Homeowners Insurance			
Mortgage Insurance			
HOA Dues			
Automobile Loan 1			
Automobile Loan 2			
Automobile Insurance			
Automobile Maintenance			
Gasoline			
Other Loans			
Credit Cards (Visa, MC, Sears)			
Utilities (Water, Gas, Electric)			
Cell Phone			
Telephone/TV/Internet			
Medical/Dental			
Groceries/Food			
Entertainment/Vacation			
Child Care			
Clothing			
Other			
<b>Total Monthly Expenses</b>			

I/We certify that the information given in this application is true, correct and complete in all material respects. The information and documentation provided does not omit any material fact or matter that makes the information or documentation presented misleading. I/ We also do understand that I/We may be required to provide additional documentation to support the information provided in this application.

Borrower \_\_\_\_\_

Date \_\_\_\_\_

Co-Borrower \_\_\_\_\_

Date \_\_\_\_\_

Loan Number(s): 1<sup>st</sup> TD \_\_\_\_\_

2<sup>nd</sup> TD \_\_\_\_\_